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**ARIZONA CORPORATION COMMISSION**

May 24, 2007

Mr. Kevin Kolevar, Director  
Office of Electricity Delivery and Energy Reliability  
U. S. Department of Energy  
1000 Independence Avenue, SW  
Washington, DC 20585

Dear Mr. Kolevar:

**RE: Arizona Open Meeting**

We have reviewed the Department of Energy's ("DOE") Draft National Interest Electric Transmission Corridor ("NIETC") Designations and are encouraged by your recent May 8, 2007 Announcement that a public meeting will now be held in Phoenix, Arizona during the month of June, 2007. This is a necessary step in the Arizona public process for resolving important public issues and your recognition of our obligations is appreciated.

Notwithstanding the positive discussion likely to be gained at your June meeting in Phoenix, we would further appreciate you and your appropriate staff appearing at an "Open Meeting" at the Arizona Corporation Commission ("ACC") in Phoenix, Arizona for a face-to-face discussion between you and the five ACC Commissioners on the NIETC issue. This additional "Open Meeting" is a regularly conducted public forum covering a wide variety of issues under the purview of the ACC that will allow additional and documented input on this important Arizona topic. Accordingly, please let us know who to contact at your agency to arrange this meeting or please call the ACC's Executive Director, Brian McNeil, at (602) 542-3931 for arrangements.

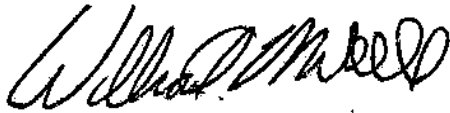
We remain committed to having our existing Arizona state process receive greater recognition in the NIETC process and this will be a common theme you will likely hear in the upcoming meetings discussed herein. An Arizona line siting process that has a proven track record over many years and is recognized as public, judicial and rigorous must be afforded the consideration it deserves, in our opinion. We regret we did not have the opportunity for substantive discussion before issuance of the Draft NIETC Designations as we anticipated based on our earlier correspondence with DOE. However, it is appropriate for us now to take full advantage of our upcoming discussion opportunity.

When the ACC conducts state business in Arizona, the general practice for public issues is to provide public notice and hold hearings. This is required in part by statute (Arizona Revised Statute §40-360.04) but primarily this ACC policy represents good business practice with due consideration of the public. These Draft NIETC Designations present a variety of concerns to Arizona, a large portion of which is clearly now designated as a "source" of electric power and Southern California is the "sink" for that electric power. It is in the interest of these same good business principles employed in Arizona that we believe a DOE public process in Arizona can be initiated with the two meetings described.

Sincerely,



Mike Gleason, Chairman



William A. Mundell, Commissioner



Jeff Hatch-Miller, Commissioner



Kristin K. Mayes, Commissioner



Gary Pierce, Commissioner

c: Brian C. McNeil, Executive Director  
Ernest G. Johnson, Utilities Division Director  
Christopher C. Kempley, Chief Counsel